

Attach to AR1000 or AR1000NR

See Instructions on Reverse Side

NAME(S) As shown on Return	SOCIAL SECURITY NUMBER
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PART I Complete this part to see if you qualify to use the AR1000TD	YES	NO
1. Was this a distribution of a plan participant's entire balance from an employer's qualified plans of one kind (pension, profit-sharing, or stock bonus)? If "No," do not use this form. 1		
2. Did you roll over any part of the distribution? If "Yes," do not use this form. 2		
3. Was this distribution paid to you as a beneficiary of a plan participant who died after reaching age 59 1/2 who had been born before 1936? 3		
4. Were you a plan participant who received this distribution after reaching age 59 1/2 and having been in the plan for at least 5 years before the year of distribution? If you answered "No" to both questions 3 and 4, do not use this form. 4		
5a. Did you use Form AR1000TD for a previous distribution from your own plan? If "Yes," do not use this form for a 1999 distribution from your own plan 5a		
b. If you are receiving this distribution as a beneficiary of a plan participant who died, did you use AR1000TD for a previous distribution received b for that plan participant? If "Yes," you may not use the form for this distribution.		

PART II 5 YEAR AVERAGING		
1. Total income from payer's statement. (Form 1099, Box 2a). Enter on this line instead of on AR1000 or AR1000NR. 1		
2. Current actuarial value of annuity, if applicable, (from Form 1099, Box 8). 2		
3. Total taxable amount. (Add Lines 1 and 2). If total is \$70,000 or more, enter on Line 8, skip Lines 4 through 7. 3		
4. Multiply Line 3 by 50% (.50); but do not enter more than \$10,000. 4		
5. Subtract \$20,000 from Line 3. (Enter difference). If result is less than zero, enter 0. 5		
6. Multiply Line 5 by 20% (.20). 6		
7. Minimum distribution allowance. (Subtract Line 6 from Line 4). 7		
8. Subtract Line 7 from Line 3. 8		
9. Enter 20% (.20) of Line 8. 9		
10. Tax on the amount on Line 9. (Use the tax rate schedule on reverse side). 10		
11. Multiply Line 10 by 5. If no entry on Line 2, skip Lines 12 through 17, and enter on Line 18. 11		
12. Divide Line 2 by Line 3. (Carry to four decimal places). 12		
13. Multiply Line 7 by Line 12. 13		
14. Subtract Line 13 from Line 2. 14		
15. Multiply Line 14 by 20% (.20). 15		
16. Tax on amount on Line 15. (Use tax rate schedule on reverse side). 16		
17. Multiply Line 16 by 5. 17		
18. Subtract Line 17 from Line 11. (If you don't qualify for the 10 year averaging schedule, enter on Line 40 of AR1000 or AR1000NR). 18		

PART III 10 YEAR AVERAGING		
Refer to Instructions to see if you qualify for 10 year averaging		
1. Total income from payer's statement. (Form 1099, Box 2a). Enter on this line instead of on AR1000 or AR1000NR. 1		
2. Current actuarial value of annuity, if applicable, (from Form 1099, Box 8). 2		
3. Total taxable amount. (Add Lines 1 and 2). If total is \$70,000 or more, enter on Line 8, skip Lines 4 through 7. 3		
4. Multiply Line 3 by 50% (.50); but do not enter more than \$10,000. 4		
5. Subtract \$20,000 from Line 3. (Enter difference). If result is less than zero, enter 0. 5		
6. Multiply Line 5 by 20% (.20). 6		
7. Minimum distribution allowance. (Subtract Line 6 from Line 4). 7		
8. Subtract Line 7 from Line 3. 8		
9. Enter 10% (.10) of Line 8. 9		
10. Tax on the amount on Line 9. (Use the tax rate schedule on reverse side). 10		
11. Multiply Line 10 by 10. If no entry on Line 2, skip Lines 12 through 17, and enter on Line 18. 11		
12. Divide Line 2 by Line 3. (Carry to four decimal places). 12		
13. Multiply Line 7 by Line 12. 13		
14. Subtract Line 13 from Line 2. 14		
15. Multiply Line 14 by 10% (.10). 15		
16. Tax on amount on Line 15. (Use tax rate schedule on reverse side). 16		
17. Multiply Line 16 by 10. 17		
18. Subtract Line 17 from Line 11. (Enter the lesser of this amount or amount from Line 18, Part II, on Line 40 of AR1000 or AR1000NR). 18		

Instructions for Form AR1000TD Lump-sum Distribution

(For Total Distribution from Qualified Retirement Plan)

Attach to AR1000 or AR1000NR

General Instructions

After you have completed Part I of this form, and have found that you qualify, you need to determine whether to use the five-year or ten-year averaging method. With this method, the Lump-sum is taxed as if you were to receive it in equal amounts over the next five (5) or ten (10) years.

Caution: You should not use AR1000TD if the distribution was passed through an estate.

If you do not use the five (5) or ten (10) year averaging method, report the lump-sum on AR1000 or AR1000NR.

The Form 1099 provided to you by the payer shows the separate parts of your distribution. The amount you will use in completing AR1000TD are Taxable annuity (Box 2a) and if it applies, the current actuarial value of the annuity (Box 8). If you do not have a statement that shows this information, please request the information from the plan administrator.

A. Who can elect the five (5) or ten (10) year averaging method?

To determine if you qualify to use the AR1000TD form, complete Part I of the form. If you qualify you may use the 5-year averaging method by completing Part II of this form. If you were born **BEFORE** 1986 and otherwise qualify, complete Part II and Part III and enter the smaller amount from Part II, Line 18 or Part III, Line 18 on Line 40 of Form AR1000/AR1000NR.

B. Distributions that qualify. (See Part I of this form.)

C. Distributions that do not qualify. The following distributions do not qualify as lump-sum distributions.

- 1) A distribution of your deductible voluntary employee contributions and any net earnings on these contributions. A deductible voluntary employee contribution is a contribution that:
 - a) Was made by the employee in a tax year beginning after 1981 and before 1987 to a qualified employer plan or a government plan that allows such contributions,
 - b) Was not designated by the employee as nondeductible, and
 - c) Was not mandatory.
- 2) U.S. Retirement Plan Bonds distributed with a lump sum.
- 3) Any distribution made during the first 5 tax years that the employee was a participant in the plan, unless it was made because the employee died.
- 4) The current actuarial value of an annuity contract included in a lump-sum distribution. (However, this value is used to figure tax on the ordinary income part of the distribution under the 5- or 10-year tax option method.)
- 5) A distribution to a 5% owner that is subject to a penalty because it exceeds the benefits provided under the plan formula.
- 6) A distribution from an IRA.
- 7) A distribution of the redemption proceeds of bonds rolled over tax free to the plan from a qualified bond purchase plan.
- 8) A distribution from a qualified plan if the plan participant or his or her surviving spouse previously received an eligible rollover distribution from the same plan (or another plan of the employer required to be combined with that plan for the

lump-sum distribution rules) and the previous distribution was rolled over tax free to another qualified plan or to an IRA.

- 9) A corrective distribution of excess deferrals, excess contributions, excess aggregate contributions, or excess annual additions.
- 10) A lump-sum credit or payment from the Federal Civil Service Retirement System (or the Federal Employees Retirement System).
- 11) A distribution from a tax-sheltered annuity.
- 12) A distribution from a qualified plan if any part of the distribution is rolled over tax free to another qualified plan or IRA.
- 13) A distribution from a privately purchased commercial annuity.
- 14) A distribution from a section 457 deferred compensation plan of a state or local government or a tax exempt organization.

D. How many times can the five (5) or ten (10) year averaging method be chosen?

If you make an election this year, you cannot make an election another year with respect to another lump-sum distribution.

E. When to choose:

To choose the five (5) or ten (10) year averaging method, file Form AR1000TD with your original or amended return. Generally, you have three (3) years from the due date of your tax return or the date you filed your return to choose this method.

F. Tax on prior year lump-sum distributions:

If you received another lump-sum distribution or an annuity contract for any year after 1982 and before 1989, and used Form AR1000TD for that year, add those distributions to your 1999 distribution and figure your tax on AR1000TD using the combined distributions. From that result, subtract the tax you paid on the lump-sum distributions for the earlier years from the amount of tax on Line 18 of Part II or Part III.

G. Multiple recipient of lump-sum distributions:

If you shared a lump-sum distribution from a qualified retirement plan when not all recipients were trusts, figure your tax on AR1000TD as follows:

1. Multiply your percentage of the total distribution by the total amount of distribution shown in Boxes 1, 2a, 3 and 8 of the Form 1099-R.
2. Enter that amount on Line 1 of AR1000TD, in Part II or Part III, whichever is applicable.
3. Complete as shown on the form.

H. If you received more than one distribution, add them and figure the tax on the total amount.

I. If you and your spouse are filing a joint return and each has received a lump-sum distribution, complete and file a different AR1000TD for each spouse's election, and combine them on AR1000 or AR1000NR.

If you have read these instructions and have further questions, you may contact the Individual Income Tax Office at (501) 682-1100 or 1-800-882-9275 (in Arkansas only).

Instructions for Tax Rate Schedule

A. If your Net Taxable Income is less than \$3,100.00 your tax is 1% (.01) of your net taxable income. Example: If your net taxable income is \$2,500.00 your tax is 1% (.01) of that amount, which is \$25.00.

B. If your Net Income is:

More Than	But Not More Than	Your Tax Is	Plus %	Of The Excess Over	More Than	But Not More Than	Your Tax Is	Plus %	Of The Excess Over
\$ 3,100	\$ 3,999	\$ 31	2.5	\$ 3,099	\$15,300	\$15,999	\$ 490	6.0	\$15,299
4,000	4,999	54	2.5	3,999	16,000	16,999	532	6.0	15,999
5,000	6,099	79	2.5	4,999	17,000	17,999	592	6.0	16,999
6,100	6,999	107	3.5	6,099	18,000	18,999	652	6.0	17,999
7,000	7,999	138	3.5	6,999	19,000	19,999	712	6.0	18,999
8,000	9,199	173	3.5	7,999	20,000	20,999	772	6.0	19,999
9,200	9,999	215	4.5	9,199	21,000	21,999	832	6.0	20,999
10,000	10,999	251	4.5	9,999	22,000	22,999	892	6.0	21,999
11,000	11,999	296	4.5	10,999	23,000	23,999	952	6.0	22,999
12,000	12,999	341	4.5	11,999	24,000	24,999	1,012	6.0	23,999
13,000	13,999	386	4.5	12,999	25,000	25,399	1,072	6.0	24,999
14,000	15,299	431	4.5	13,999	25,400	and over	1,096	7.0	25,399